

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2015 / 2016

BGM 2054 GLOBAL MANAGEMENT
(All Sections / Groups)

31 MAY 2016
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

This examination paper consists of **FIVE (5)** pages in **TWO (2)** Sections:

1. **Section A** – 20 Multiple choice questions (40 marks)
Instruction: Answer **ALL** questions. Shade your answers in the OMR answer sheet provided using a '**2B**' or '**BB**' pencil.
2. **Section B** – 3 Essay questions (60 marks) – All questions carry equal marks.
Instruction: Answer **ALL THREE (3)** questions. Write your answers in the answer booklet provided.

SECTION A (40 Marks)**Answer ALL questions**

Identify the letter of the choice that best completes the statement or answers the question.
All questions carry two (2) marks each.

Shade your choice of answers in the OMR answer sheet provided.

1. _____ is an effective alternative to traditional distribution channels for firms that sell digitized products.
A. Dual licensing
B. Digital switchover
C. Visual merchandising
D. Electronic distribution
2. Globalization is characterized by _____.
A. rigid foreign relations policies
B. the fortification of trade barriers
C. the demise of democracy within a nation
D. national boundaries becoming less relevant
3. Kireki is a small country with a corrupt government. Its population is rural for most part and citizens have few or no legal rights. Which of the following is the type of market featured in Kireki?
A. Virtual market
B. Emerging market
C. Traditional market
D. Developed market
4. Konesia is a country whose political leaders do not tolerate opposing viewpoints and often suppress or punish dissidents. The lives of Konesians are tightly controlled by its rulers. Which of the following political systems prevails in the country?
A. Pluralism
B. Anarchism
C. Democracy
D. Totalitarianism
5. The government maintains control over the banking industry in a country. Which of the following is most likely **TRUE** if the country has a mixed economy?
A. The government views banking as more important than manufacturing.
B. The country has never experienced threats against its long-term stability.
C. Businesses in most economic sectors of the country are privately owned.
D. The government considers banking sector as important to national security.

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6. Central planning is rooted in the ideology that _____.
A. privatization will enhance a country's economic well-being
B. individual concerns should be placed above group consensus
C. the welfare of a group is more important than individual well-being
D. individual and group concerns are just as important as government concerns
7. What do communists and socialists have in common?
A. Both believe in the elimination of political opponents.
B. Both believe that the government should control all types of economic activity.
C. Both believe that a violent revolution is necessary to seize control over resources.
D. Both believe that the pricing of goods should be the responsibility of individuals.
8. The importance of trade for a nation can be measured by _____.
A. examining the volume of its trade relative to its total output
B. the living standards of people involved in only trade activities
C. examining the amount of wealth acquired by the national government through restrictive trade policies
D. the number of acquired territories the nation has that serves as sources of inexpensive raw materials
9. The danger of trade dependency is that _____.
A. it often leads to the exploitation of developed countries
B. political turmoils in a country might affect all dependent countries
C. the countries involved in trade often get into rivalry over trade tariff issues
D. it is difficult to end trade activities with current trade partners and find new trade partners
10. The condition that results when the value of a country's imports is greater than the value of its exports is called _____.
A. a trade deficit
B. a break-even point
C. economies of scale
D. absolute advantage

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11. Which of the following is an important goal of regional economic integration?
 - A. To establish a socialist government
 - B. To raise the living standards of people
 - C. To increase the selling prices of products
 - D. To limit the choice of products available to customers
12. The main difference between a free trade area and a customs union is that the members of a customs union _____.
 - A. agree to the free movement of all factors of production
 - B. agree to treat trade with all nonmember nations in a similar manner
 - C. harmonize their tax, monetary, and fiscal policies and create a common currency
 - D. accept a common stance on economic and political policies regarding nonmember nations
13. Which of the following is a result of trade creation?
 - A. The demand for goods tends to increase.
 - B. Purchasing power of consumers decreases.
 - C. Imported goods are seldom available at lower prices.
 - D. Consumers have a limited choice for selection of goods.

Scenario: Moonland Union

Twenty-six nations of Moonland region, have decided to cooperate with one another to eliminate trade barriers among them and create the Moonland Union. They are not sure, however, to what extent they want to cooperate.

14. Based on the above Moonland scenario, if these twenty-six nations continue to eliminate all barriers to trade among themselves and set a common trade policy against nonmembers, they would create a _____.
 - A. free trade area
 - B. political union
 - C. customs union
 - D. preferential trading area
15. Which of the following statements is **TRUE** of the environmental forces that affect strategy formulation?
 - A. Free-market economies tend to levy high taxes on business profits.
 - B. Socialist economic systems normally levy light taxes on business profits.
 - C. Countries that excessively spend on R&D tend to have lower levels of prosperity.
 - D. Approval of the host government is almost always necessary for making direct investments.

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16. The main benefit of a multi-domestic strategy is that it _____.
A. takes advantage of location economies
B. is cost-saving due to product and marketing standardization
C. responds quickly and effectively to emerging buyer preferences
D. exploits scale economies in product development and marketing
17. The main benefit of a global strategy is that it allows a company to _____.
A. customize its products and services
B. respond effectively to emerging buyer preferences
C. closely monitor buyer preferences in each local market
D. save costs due to product and marketing standardization
18. Which of the following is **TRUE** of distributors?
A. They can stunt the growth of the exporter's market share by charging very high prices.
B. The use of distributors increases the exporter's control over the price buyers are charged.
C. They are compensated with a fixed salary plus commissions based on the value of their sales.
D. They are seldom required to take ownership of the merchandise when it enters their country.
19. An offset agreement differs from a counter-purchase agreement in that an offset agreement _____.
A. fails to specify the type of product that must be purchased
B. fails to specify the amount that will be spent on the purchase
C. fails to give a business greater freedom in fulfilling its end of a countertrade deal
D. fails to make a hard-currency purchase of any product from that nation in the future
20. Which of the following statements is **TRUE** of the strategic factors that influence a company's international entry mode selection?
A. Companies that produce goods with high shipping costs prefer exporting.
B. Markets that are likely to remain relatively small consider exporting as a viable option.
C. Low tariffs and high quota limits encourage market entry by means of investment.
D. Companies set up production units in a host market if the total cost of production is lower in the home market.

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SECTION B (60 Marks)**Answer ALL THREE (3) questions.**

Write your answers in the answer booklet provided. All questions carry equal marks.

1. a. *Globalization is reshaping cultures, political, legal, and economic systems, and affecting the standards of living around the world.*

Discuss the globalization of production and its benefits. Why should a company study international firm management if its leadership commits to globalization of production?

(10 marks)

- b. *Economic systems are structures and processes that countries use to allocate resources and conduct commercial activities. No economy reflects a completely individual or group orientation but displays a blend of individual and group values.*

With reference to the above statement explain what the main types of economic systems are.

(10 marks)

[20 marks]

2. a. *The international product life cycle theory states that a company will begin exporting its product and later undertake foreign direct investment as the product moves through its life cycle.*

Discuss the limitations of the international product life cycle theory. How well does the theory explain current trade patterns?

(10 marks)

- b. *The goal of economic and political integration is greater cross-border trade and investment and higher living standards.*

Based on the above comment elaborate on the various levels of economic and political integration that is practiced.

(10 marks)

[20 marks]

3. a. *Value-chain analysis is the process of dividing a company's activities into primary and support activities and identifying those that create value for customers.*

Differentiate between primary and support activities that create value for a company's customers. How can managers determine whether an activity enhances customer value?

(10 marks)

- b. *International trade poses various financing risks for both exporters and importers.*
What are the alternative financing methods that exporters and importers can adopt to minimize these financing risks?

(10 marks)

[20 marks]

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